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Deputy to the Director of Central Intelligence
for Resource Management
Washington, D.C. 20505

DCI/RM 80-2022
9 October 1980

MEMORANDUM FOR: See Distribution

SUBJECT: Community Working Group on Inflation ☐

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The recent fluctuations in the inflation rate have raised concern over the techniques used by the various programs in the NFIP to adjust budget estimates to anticipated cost increases. A review of current procedures and possible revised approaches are needed to ensure the protection of future buying power.

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To accomplish this, we are establishing a community working group on inflation chaired by my associate deputy, ☐ The group's task is to:

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- o Identify aggregate cost categories that accurately summarize NFIP expenditures. These categories will be detailed only to the extent necessary to develop a unique NFIP "market basket".
- o Use appropriate forward pricing techniques for indexing these categories to inflation so that specific deflators may be included in fiscal guidance and budget development instructions.
- o Establish procedures for the routine exchange of inflation information. ☐

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This working group will meet for the first time within the next two weeks and will have June 1981 as a target for completion of its work. Jim will be contacting each of you to ask that you name a representative to the group, preferably at the comptroller or equivalent level. ☐

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WARNING NOTICE
INTELLIGENCE SOURCES
AND METHODS

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Community Working Group on Inflation

FROM:

PAO

EXTENSION

NO.

DCI/RM 80-2022

DATE

TO: (Officer designation, room number, and building)

DATE

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OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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Attached is a revised memo establishing a Community Working Group on Inflation. We believe it addresses the major concerns raised at last week's meeting. Specifically, [] has expressed concern that prior formulations: 1) threatened to impose whole new cost accounting procedures on the Community, and 2) committed us to coming up with new NFIP-wide deflators when current practices, made more explicit, might be better. We believe this language addresses these concerns and recommend that you pass this to John for signature.

Ho 8 - reviewed per our conversation of last Friday.

For Signature